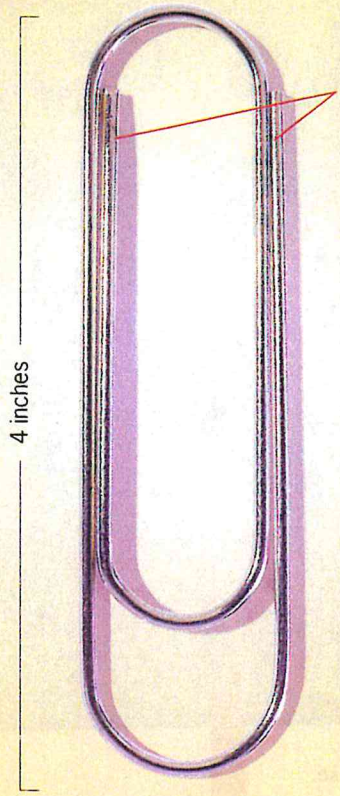
BENT OUT OF SHAPE: *Linda Froehlich's simple—and patented—SuperClip has spawned imitators with names like MegaClip, Jumbo Clip, and Really Big Clip.*

What Makes the SuperClip So Super?

(clips shown here at actual size)

Imitation may indeed be the sincerest form of flattery. But you can't take it to the bank. The SuperClip's imitators are now legion—and they have something else in common. The oversize paper clips sold by Staples, OfficeMax, Office Depot, Target Stores, Wal-Mart, and Kmart are all made in Taiwan.



THE SUPERCLIP DIFFERENCE

1. So what sets the SuperClip apart, aside from its underdog status? First, its "arms," the straight ends, extend nearly the full length of the clip. That prevents the paper clip from tearing papers when it's removed, claim its creators.

2. The SuperClip is made from a high-carbon steel with more spring to it. The SuperClip retains its shape better than the knockoffs made from a softer, weaker steel. Longer arms and stronger steel are the basis for the patent claims for the SuperClip. But a patent doesn't offer enough protection for a small company like Ace Wire Spring & Form, which is selling into the fast-consolidating office-products industry, dominated by a commodity, price-is-everything mentality.

now concedes—the antithesis of the office-supply industry, where consolidation has grown so frenzied that last year the Federal Trade Commission quashed Staples' efforts to acquire Office Depot, out of fear the merger would restrain trade. On the manufacturing and distribution side of the industry, the story is similar, with equally huge billion-dollar concerns such as Viking, Acco Products, United Stationers, and S.P. Richards dominating what amounts to a commodity business. In the office-supply business, you add value by delivering a lot of product at a low price.

Froehlich, who started working for her father's company when she was 14, recalls the night her father brought home a Slinky. Her response to that novelty was not to play with it but to ask, "Why didn't *we* invent this?" It would seem that she has since vowed that the SuperClip will atone for that oversight.

Richard, who grew up in the neighborhood and for 12 years attended a parochial school just a quarter mile from Ace's plant, serves as Froehlich's subdued alter ego. He freely admits that he doesn't much care for people; he's happiest when he's out back, overseeing smooth-running machines cranking out one identical—and profit-producing—spring after another. The Froehlichs' hard work has earned them a demanding customer base that reaches from coast to coast, and they make springs to tolerances as tight as three one-thousandths of an inch. Ace houses 10 computer numerically controlled machines representing a total outlay of more than $1.5 million.

Of his wife, Richard notes wryly: "She likes to sell. She likes to listen to that BS."

Linda returns his smile playfully and says, "That's what sales is: kissing butt."

Richard's subtext is clear: the core business dutifully grinds out money; the SuperClip, to date, has eaten it. The Froehlichs estimate they've spent upwards of $300,000 on the SuperClip, $150,000 in patent lawyers' fees alone.

Still, what started out as Linda's lark has become a dream shared by both of them.

In the summer of 1995, when Ace landed its first big order from Office Depot, everyone at the plant pitched in to package the paper clips, ensuring that they were lined up facing the same direction. Then Kmart did a test of the product and gave Ace a solid order worth $85,000, and Target's West Coast stores began carrying the clip. In 1996 sales of the SuperClip shot to a respectable $400,000. But in the spring of that year, knockoffs began cropping up, eating into the SuperClip's sales. Linda even suffered the ignominy of walking into a Wal-Mart and coming face-to-face with a pseudo-SuperClip after the retailer had evaluated the clip and advised her that it "had commercial potential"—while the company was in the process of ordering a similar product from offshore. "You might as well have just torn my heart out," she says.

This year the Froehlichs figure they'll be lucky if they do $200,000 in SuperClip sales, and pallets of the product now languish in the shop out back, gathering dust.

SITTING IN THEIR CONFERENCE ROOM, the Froehlichs lay out the SuperClip's life history, like embattled generals fight-

PHOTOGRAPHS: VITO ALUIA

world of merchandising, it amounted to just another commodity. The price point, as established by the industry, appears to be 99¢ for a package of five, and to meet it, manufacturers, playing at the global level, go offshore, where wage rates are low and environmental laws lax. But the Froehlichs, who grew up and have built their business in the Pittsburgh area, have a different frame of reference.

"We've always thought of ourselves as an American manufacturer," says Linda. Moreover, adds Richard, "we never thought about going offshore, because we wanted to keep control of the quality."

To date, the SuperClip has been made in McKees Rocks from domestic steel. Because of tough environmental laws in Pennsylvania, it's shipped out of state for plating, then back to Pittsburgh, where handicapped workers package it. In all, nine U.S. companies have a hand in producing the SuperClip.

Soon after Meyer first met Linda, he did some market research for her that revealed that people would pay a quarter for a single SuperClip. But a package of five SuperClips retailed for $2.49—or 50¢ each—in order to provide the retailer with its typical 50% markup. Linda contends that Ace has considerable development costs sunk into the product and that once some of those have been recouped, she will lower the price.

On paper that makes sense, given the risks assumed by the Froehlichs and the presumed protection the patent would afford. But the marketplace is less charitable.

"The customer looks only at price," counters Meyer. "Her challenge is, How does she educate the customer that she has a better product? Her prospects are, frankly, not bright." Indeed, as Froehlich began bird-dogging buyers at industry trade shows, she often ran smack into the pricing buzz saw. One buyer from Staples, finally wearying of being approached by Froehlich once too often, blew up, warning her: "Just stay away from me. Until I can sell it for 99¢, I don't even want to talk to you."

She says she received a similar rebuff from the buyer at OfficeMax, who, Froehlich claims, summoned Froehlich to her office in Cleveland on the pretext that she was ready to place an order. Nothing came of the meeting, and a few months later, the Acco MegaClip began appearing in OfficeMax's stores.

Enraged, Froehlich called the buyer. "I said to her, 'Don't you have any allegiance to the American worker?'

"She said to me, 'Get real, Linda. This is business. The only allegiance we have is to our employees and our shareholders.'" (*Inc.*'s calls to the buyer were not returned.)

Pallets of the product languish in the shop out back, gathering dust.

As the knockoffs proliferated, the SuperClip began to lose the toeholds it already had. "The buyer at Kmart warned us that we were going to have a problem with price," recalls Richard. Kmart now sells a product in a package simply labeled "5 Super Clips." Those clips are made in Taiwan. Business with Target—which now sells "5 Really Big Clips"—similarly withered.

In May 1996 Linda sent the SuperClip off to Wal-Mart for inclusion in its "Support American Made" program. In mid-June Wal-Mart told her in a letter that the SuperClip had "commercial potential" and would be passed along to a buyer for further review. That process took four months. The deadline came and went, with no response from Wal-Mart. Then, in a letter dated December 2, 1996, Wal-Mart's buyer advised the Froehlichs, "I do not see a need for your product at this time...and I would like to bring the pricing of this product to your attention. I have received comparable products, and your cost is not in line with other manufacturers." In the meantime Wal-Mart had sourced the product from Taiwan in September. Wal-Mart's offering in the oversize-paper-clip category is a Mega Clip—not to be confused with Acco's MegaClip.

Such confusion, however, would be understandable. Based on tool-and-die markings, Richard says, both products might even come from the same factory in Taiwan.

SPOKESPERSONS FOR OFFICEMAX and Wal-Mart have no difficulty defending their dealings with Froehlich. "The way we procure a product is to always look at several sources. We consider new as well as existing vendors, and we look for the most effective way to present that product to the consumer," says Mike Weisbarth of OfficeMax. "There was nothing unusual or underhanded about our negotiations with Ace."

Daphne Davis of Wal-Mart says, "Even though we say a product may have commercial potential, it still may not be appropriate for our stores." She adds, like Weisbarth, that Wal-Mart always considers multiple sources. Never mind that Wal-Mart ordered its SuperClip knockoff in September—while it was in the midst of evaluating the Froehlichs' product. Evaluations, Davis contends, are done off-site by an independent party, and thus the buyer of the Mega Clip probably didn't even know of the SuperClip.

In truth, in the office-products industry, just as quality often takes a backseat to price, it also runs a distant second to depth. Vendors must be able to present a long line or, lacking that, be able to promise substantial volume in a shorter line.

"You have to be able to show a retailer you can do $250,000 worth of business with them in a single product, or else it's not worth it for them to set you up in their computer system," says Richard Froehlich. Don Peterson, an industry marketing consultant who worked at Acco for 27 years and is now a consultant to Ace, echoes that observation. "There's

The Original

SuperClip™

HOLDS UP TO 100 SHEETS OF PAPER!

SILVER

GOLD

Now in Assorted Colors!

- BLUE
- YELLOW
- GREEN
- WHITE
- RED

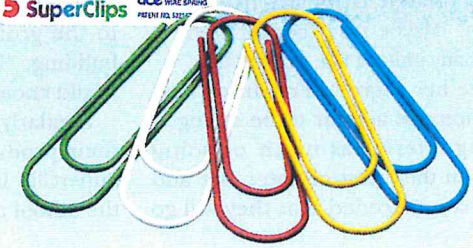
SuperClip grips papers, schoolwork, snack bags and a whole lot more!

When you have a big stack of paper that must stay neat, SuperClip is the perfect choice. It can hold entire chapters of books, computer printouts, and most all your documents with ease.

Because SuperClip is made of premium quality, smooth plated carbon steel wire, it retains tension and won't slip or pop off papers. SuperClip stores easily in your desk drawer, and its corrosion-resistant finish keeps it looking great for years.

SuperClip holds as many sheets of paper as the largest traditional clamp and is less expensive, too! Plus, with its attractive, patented design, your customers are sure to find dozens of other uses for this sturdy, stylish clip! That's what makes SuperClip a great value!

Available in Silver and Gold finishes and now in new Assorted Colors!



VISA

MasterCard

ace wire spring & form co., inc.
1105 thompson avenue
mckees rocks, pa 15136-3824
Phone (412)331-3353 FAX (412)331-1602
www.acewirespring.com

Patent no. 5329672